

2010 STATISTICAL UPDATE OF VALUES

2009 EQUALIZATION STATISTICS

(NH Department of Revenue)

- **What are the recommended guidelines by the NH Assessing Standards Board?**
 - Median Ratio – 0.90 to 1.10%
 - Coefficient of Dispersion (COD) – Under 20.0%
 - Price Related Differential (PRD) – 0.98 – 1.03%

 - **What was Moultonborough's in 2009.**
 - Median Ratio – 97.3%
 - COD – 14.0
 - PRD – **1.07***
- (DRA advisory of March 25, 2010)

MEDIAN RATIO

- The median is the mid point or middle ratio, when the ratios are arranged in order of magnitude.
- The ratio is the assessed value, divided by the sale price.

COEFFICIENT OF DISPERSION (COD)

- The COD is the average absolute deviation between the median for each ratio. It permits comparisons between property groups. The lower the COD, the more uniform the assessments.
- The COD is the most useful measure of uniformity in ratio studies.

PRICE RELATED DIFFERENTIAL (PRD)

- The PRD is a statistic for measuring vertical equity between property types.
- A Progressive PRD – under 1.00 - is when low valued properties are under appraised compared to high valued properties.
- A Regressive PRD – over 1.00 - is when high valued properties are under appraised compared to low valued properties.

CONCERNS FROM THE DRA

- In the final report to the town from the oversight of the 2009 update of values, the DRA states, "The PRD is above the high end of the normal recommended range. This statistic shows that higher valued properties are under assessed when compared to the lower valued properties. Hopefully this discrepancy will be rectified during the next update of values in 2010".

MASS APPRAISAL VS. FEE APPRAISAL

- **Mass Appraisal** -The process of valuing a group of properties as of a given date, using standard methods, employing common data, and allowing for statistical testing
- **Fee Appraisals** are usually for a single property and purpose
- Both are Opinions of Value

PRELIMINARY OVERALL CHANGES FOR 2010

- **Based on the July 7th preliminary values**
- 1,055 (14%) parcels had virtually no change (+/-3%).
- 1,922 (26%) parcels went up.
- 4,390 (60%) parcels went down.

NUMBER OF SALES USED IN THE PRELIMINARY ANALYSIS

- From 4/1/2009 to 3/31/2010 there were 206 sales.
- 103 sales were disqualified due to a number of reasons: such as family sales, multi-parcel sales, divorce sales, trust sales, foreclosure sales, bank sales, or Town, State and Federal Government sales.
- Also disqualified are sales which obtained building permits for renovations or new construction.

SALES WITH PERMITS, AND SO CALLED TEARDOWNS

- The International Association of Assessing Officers states that the “physical and legal characteristics of each property must be the same when appraised for tax purposes (April 1) and when sold.”
- If the house was demolished or had substantial renovations after the sale, it can't be used in the valuation analysis. This is because the property as of April 1st is not physically the same as it was on the day it sold.

THE INFORMAL HEARING PROCESS

- Vision Appraisal conducted informal hearings on 13 days, between July 19 and August 6.
- During this time they met with 181 taxpayers.
- Additionally, they conducted telephone hearings with 78 taxpayers.

RESULTS OF THE HEARINGS

- I met with the Vision supervisor and the hearing personnel.
- We discussed each taxpayer's concerns from the hearings and analyzed the information taxpayers provided.
- Some properties were visited by Vision personnel and some neighborhoods were re-inspected.
- Changes were made to individual properties when warranted.

RESULTS OF THE HEARINGS

- We also discussed the initial analysis in general and whether adding additional sales would provide a more supportive analysis.
- This was done by reviewing the disqualified sales again, looking at outliers and looking back in time to add more sales in the analysis.

WHAT IS AN OUTLIER

- An outlier is defined in the Glossary for Property Appraisal and Assessment (IAAO 1997) as:
- Observations that have unusual values; that is, they differ markedly from a measure of central tendency.
- In other words, outliers are sales with a large difference between the selling price and the assessed value.

NEIGHBORHOOD CHANGES

- As a result of the informal hearings, a number of neighborhoods were visited by Vision personnel to determine if information obtained from the hearings would have an effect on the values in that neighborhood.
- Changes were made to some waterfront neighborhoods after these areas.

FINAL ANALYSIS

- **Vision ran the complete analysis again.**
- They started by looking at 366 sales going back to 4/1/2008, instead of the 196 sales used in the preliminary analysis.
- 184 were qualified sales. 182 were not qualified sales and were not used.
- The qualified sales equaled 2.5% of the properties in town. ($184/7,366 = 0.25$).

OVERALL RESULTS

- **Using the July 7th Preliminary Values**
 - Median Ratio – 0.96
 - COD – 10.6
 - PRD – 1.01
- **Using the August 24th Values**
 - Median Ratio – 0.93
 - COD – 10.4
 - PRD – 0.99

OVERALL CHANGES FOR 2010

- **Using the July 7th preliminary values.**
 - 4,390 (60%) parcels went down.
 - 1,055 (14%) parcels had virtually no change (+/-3%).
 - 1,922 (26%) parcels went up.
- **Using the August 24th Values.**
 - 4,225 (57%) parcels went down.
 - 1,588 (21%) parcels had virtually no change (+/- 3%).
 - 1,580 (22) parcels went up.

CHANGES FOR 2010

- **Using the July preliminary values.**
 - All properties – up 1%
 - Non-Waterfront – down 10%
 - Condominium – down 14%
 - Commercial – down 2%
 - Waterfront – up 6%
- **Using the August adjusted values.**
 - All properties – down 1%
 - Non-waterfront – down 10%
 - Condominium – down 14%
 - Commercial – down 2%
 - Waterfront – up 3%

REVIEW OF DIFFERENT PROPERTY TYPES

- **Water Access Property**

- Crosswinds Drive

- 2009 Assessment- \$747,300
 - 2010 Preliminary - \$667,000
 - 2010 Final Value - \$667,100

REVIEW OF DIFFERENT PROPERTY TYPES

- **Single Family Residential**
 - (not waterfront)
 - Marvin Road
- 2009 Assessment - \$310,800
- 2010 Preliminary - \$273,900
- 2010 Final Value - \$273,900

REVIEW OF DIFFERENT PROPERTY TYPES

- **Waterfront Residential**

- West Point Road

- 2009 Assessment - \$1,506,700
 - 2010 Preliminary - \$1,764,200
 - 2010 Final Value - \$1,635,400

REVIEW OF DIFFERENT PROPERTY TYPES

- **Condominium**
- Jonathan's Landing
 - 2009 Assessment – \$411,100
 - 2010 Preliminary – \$361,500
 - 2010 Final Value - \$361,500

WHAT'S NEXT

- Every taxpayer who's property value changed due to information obtained in the informal hearings, or changes were made due to the new analysis, will receive a letter from Vision stating the new value.

RECOMMENDATIONS

- The overall analysis provides a defensible product with statistics that are well within the guidelines set by the NH Assessing Standards Board and the IAAO.
- A review of 12 subsequent waterfront sales (after 4/1/2010) show a difference between the sale price and the assessed value at 3%. This is the same percentage as the overall waterfront change established by the update.
- A review of 70 present listings in the MLS show that the 2010 assessed values are well under the listed prices for the majority of the properties.
- Thus I have a high level of confidence that the Board of Selectmen should accept these values for 2010.